

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1752 – HB 1799

February 14, 2016

**SUMMARY OF ORIGINAL BILL:** Creates a new specialty earmarked license plate for Combat Action which will be available in the following design options: American Flag, Combat Action Badge, Combat Action Medal, Combat Action Ribbon – Coast Guard, Combat Action Ribbon – Navy and Marine Corps, Combat Infantry Badge, and Combat Medical Badge. Specifies all license plates authorized or issued with one of these design options will be included jointly in any determinations for initial issuance and continuation of issuance.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$4,300/General Fund/FY16-17

\$7,700/Centerstone Military Services/FY16-17

\$7,600/SAFE: Soldiers and Families Embraced/FY16-17

\$12,300/Tennessee Arts Commission/FY16-17

\$3,100/Highway Fund/FY16-17

\$8,800/Centerstone Military Services/FY17-18 and Subsequent Years

\$8,700/SAFE: Soldiers and Families Embraced/FY17-18 and Subsequent Years

\$14,000/Tennessee Arts Commission/FY17-18 and Subsequent Years

\$3,500/Highway Fund/FY17-18 and Subsequent Years

Increase State Expenditures - \$4,300/FY6-17

**SUMMARY OF AMENDMENT (012289):** Deletes all language after the enacting clause. Creates a new specialty earmarked license plate for Combat Action. Requires each recipient of the Combat Action license plate to be issued a distinctive decal in the following design options – Combat Action Badge, Combat Action Medal, Combat Action Ribbon – Coast Guard, Combat Action Ribbon – Navy and Marine Corps, Combat Infantry Badge, and Combat Medical Badge.

Requires approval of the decal by the Commissioner of Veterans Services. Subjects the placement of the decal on the plate to guidelines provided by the Commissioner of Revenue. Authorizes the Department of Revenue (DOR) to charge a fee for issuance of the decals in an amount sufficient to defray the administrative costs of issuing such decal.

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## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

### **Increase State Revenue –**

**\$4,600/General Fund/FY16-17**

**\$7,600/Centerstone Military Services/FY16-17**

**\$7,600/SAFE: Soldiers and Families Embraced/FY16-17**

**\$12,200/Tennessee Arts Commission/FY16-17**

**\$3,000/Highway Fund/FY16-17**

**\$8,800/Centerstone Military Services/FY17-18 and Subsequent Years**

**\$8,700/SAFE: Soldiers and Families Embraced/FY17-18 and Subsequent Years**

**\$14,000/Tennessee Arts Commission/FY17-18 and Subsequent Years**

**\$3,500/Highway Fund/FY17-18 and Subsequent Years**

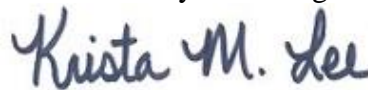
### **Increase State Expenditures - \$4,600/FY16-17**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 55-4-201(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- One thousand new plates will be purchased at \$35 each by individuals that currently do not have a specialty plate for combat action resulting in annual revenue of \$35,000 (1,000 plates x \$35 each).
- According to DOR, the administrative cost of each decal is \$0.33.
- The one-time production costs for each license plate and decal are estimated to be \$4.58 (\$4.25 per license plate + \$0.33 per decal); therefore the one-time increase in state expenditures is estimated to be \$4,580 [1,000 x \$4.58].
- Net proceeds from the sale of these plates and decals will be allocated as follows: 25 percent to the Centerstone Military Services; 25 percent to the SAFE: Soldiers and Families Embraced; 40 percent to the Tennessee Arts Commission; and 10 percent to the state Highway Fund.
- Estimate assumes the number of decals produced will be proportionate to the number of license plates manufactured.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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